

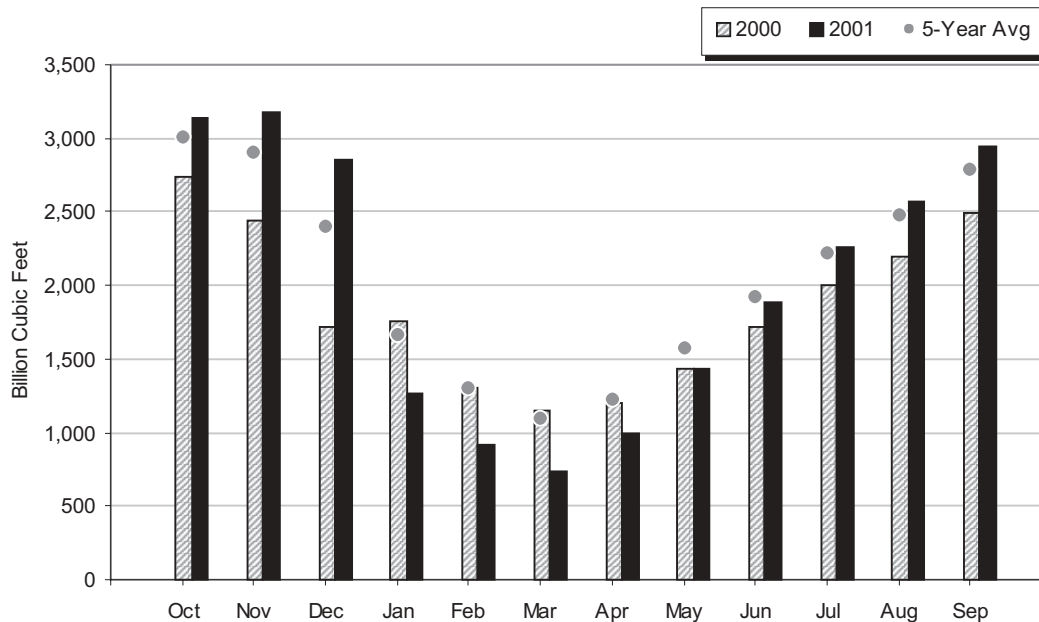
Highlights

This issue of the *Natural Gas Monthly* contains estimates of natural gas data through December 2001 for many data series at the national level. National-level natural gas prices in 2001 are available through August (electric utilities), September (residential, commercial, and industrial), or November (wellhead). State-level data generally are available through September 2001, although underground storage data are available through October 2001.

Highlights from this issue of the *Natural Gas Monthly* are:

- Natural gas in underground storage facilities at the beginning of the 2001-2002 heating season (November through March) exceeded 3,000 billion cubic feet, the industry benchmark indicating plentiful supplies. Temperatures during the first months of the heating season have been relatively mild; for example, heating degree days in November 2001 were 25 percent below normal and 35 percent below that of November 2000 (Table 26). Net withdrawals from storage in December 2001 are estimated to have been 317 billion cubic feet, leaving 2,858 billion cubic feet of working gas at the end of the month (Table 10). This is 66 percent higher than at the end of De-

Figure HI1. Working Gas in Underground Storage in the United States, 2000-2001



Note: The 5-year average is calculated using the latest available monthly data. For example, the December average is calculated from December storage levels for 1997 to 2001. Data are reported as of the end of the month, thus October data represent the beginning of the heating season.

Source: Form EIA-191, "Monthly Underground Gas Storage Report," Form EIA-176, "Annual Report of Natural and Supplemental Gas Supply and Disposition," and Short-Term Integrated Forecasting System.

Table HI1. Natural Gas Production, Net Imports, and Consumption by End-Use Sector (Billion Cubic Feet per Day)

Supply and Consumption	1999	2000	2001
	January through December		
Selected Supplies			
Dry Production	51.6	51.9	52.9
Net Imports	9.4	9.7	10.0
End-Use Consumption			
Residential	12.9	13.6	13.0
Commercial	8.4	8.8	8.9
Industrial	24.7	26.0	24.5
	January through September		
Electric Utilities	9.3	9.0	7.9

Sources: Derived from Tables 2 and 3.

cember 2000, but the 2000-2001 heating season had started with only 2,732 billion cubic feet of working gas in storage (Figure HI1).

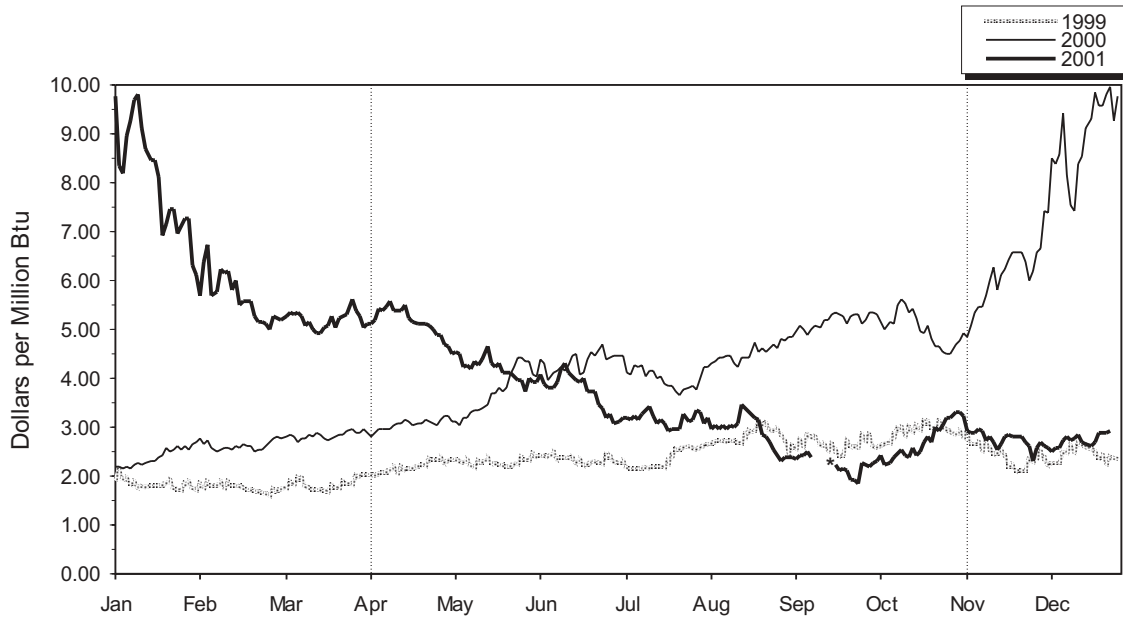
- Dry natural gas production in 2001 is estimated to have been 19,313 billion cubic feet (Table 1). This is the highest level of production since 1980 when 19,403 billion cubic feet was produced. The daily rate of production in 2001 was 52.9 billion cubic feet per day, which was 2 percent higher than in 2000 (Table HI1). On a monthly basis, production in 2001 was from 3 to 5 percent higher than in 2000 in each of the first 5 months of the year. Only in November and December 2001 was production slightly lower than in 2000.
- Net imports of natural gas, the majority of which come via pipeline from Canada, are estimated to have been 3,640 billion cubic feet in 2001 or 10.0 billion cubic feet per day. Net imports have increased every year since 1986, and 2001 set another record. Net imports in 2001 were 3 percent higher than in 2000.
- End-use consumption of natural gas in 2001 is estimated to have been 19,575 billion cubic feet or 53.6 billion cubic feet per day. The daily rate in 2001 is 6 percent lower than that of 2000. The residential, industrial, and electric utility sectors all used less natural gas in 2001 than in 2000, while commercial

use was relatively flat. On a monthly basis, residential consumption of natural gas was lower in 2001 compared with 2000 in every month beginning in May (Table 3). Industrial consumption was lower in all months except for 1-percent increases in March and July. Electric utility consumption of natural gas was lower in 2001 compared with 2000 in every month from January through September. In most months, the decline ranged from 11 to 24 percent.

- End-use prices for natural gas in 2001 were well above those of 2000, even though the national average wellhead price generally fell throughout the year. The average wellhead price began increasing in late 2000 and reached \$8.06 per thousand cubic feet in January 2001 (Table 4). The wellhead price generally declined throughout the rest of the year, falling to \$2.40 per thousand cubic feet in October 2001 before rising to \$2.74 per thousand cubic feet in November. However, prices remained well above those of 2000, especially early in the year. The cumulative average wellhead price for January through November 2001 is estimated to have been \$4.27 per thousand cubic feet, 22 percent higher than in 2000. End-use prices¹ reflect this higher average level. Residential and commercial prices for natural gas for January through September 2001 were 40 and 43 percent higher, respectively, than in 2000. The average industrial price,

¹ End-use prices in the residential, commercial, and industrial sectors are for onsystem gas sales only. While monthly onsystem sales are nearly 100 percent of residential deliveries, in 2001, they averaged 63 percent of commercial deliveries and only 15 percent of industrial deliveries (Table 4).

Figure HI2. Daily Futures Settlement Prices at the Henry Hub



* = New York Mercantile Exchange closed from 9/11/01 through 9/14/01.

Note: The futures price is for the near-month contract, that is, for the next contract to terminate trading. Contracts are traded on the New York Mercantile Exchange. April 1 is the beginning of the natural gas storage refill season. November 1 is the beginning of the heating season.

Source: NGI's *Daily Gas Price Index* and Commodity Futures Trading Commission, Division of Economic Analysis.

also through September, and the average electric utility price, through August, were 38 and 36 percent higher, respectively, than for the same periods in 2000.

- Settlement prices for the natural gas near-month futures contract on the New York Mercantile Ex-

change (NYMEX) for delivery at the Henry Hub reached their peak of \$9 to \$10 per million Btu from December 2000 through January 2001. Prices generally have fallen since then (Figure HI2). The contract for delivery in January 2002 closed on December 27, 2001, at \$2.555 per million Btu, only 26 percent of the closing price of the January 2001 contract.